

HAVE MICROBES, WILL TRAVEL

SMALL SUN BELT COMPANY FINDS NICHE IN CLEANING UP AFTER OTHERS

by Doug Barry,
U.S. Commercial Service

Dan Kelley is CEO of Tierra Dynamic Company, a Phoenix-based environmental firm specializing in removing toxins from soil and water. He and his 30 employees set their sights on emerging markets a few years ago and with the help of the

U.S. Commercial Service and some very special bugs have seen their international business go from nothing to 25 percent of annual revenues.

Kelley said the move into international markets was a matter of common sense. "The environmental industry is new to many developing countries and we can compete better over there than

we can in more developed countries," he said. Kelley explains that competitors with similar technologies tend to be bigger firms for whom a \$300,000 contract isn't worth the effort. "There's a big void in the market and we're happy to fill it."

WHAT ABOUT THE BUGS?

Tierra Dynamic negotiated the rights to the patent for a technology called bio sparge. Simply put, Kelley's firm cultivates bacteria that occurs naturally and a special process induces them to eat spilled hydrocarbons and other bad stuff at an accelerated rate. These are no anorexic bugs. "We increased their appetite," he says. And what an appetite. According to Kelley, this technique remediates soil three times faster than other methods now on the market, a significant advantage when you're concerned about carcinogens that can cause cancers and other health problems. Tierra Dynamic has negotiated the rights to another patented technology that destroys PCB's — a particularly lethal source of carcinogens. "When you see whole families, including very young children living near this stuff, you're glad you can help protect their health."



Photo courtesy of U.S. Commercial Service.

Clean-Up Guys: Dan Kelley of Tierra Dynamics and Dr. Oscar Cuper of joint-venture partner Hidraulica Mileto in front of their hazardous waste-water treatment facility in the Province of Buenos Aires.

FOLLOW THE REGULATIONS

Kelley's current focus is on South America, especially Brazil and Argentina, but there have also been forays into Indonesia, Malaysia and Singapore. Tierra Dynamic often starts the market analysis process by looking at the environmental regulation enforcement priorities of a specific country. "Brazil wants to clean oil storage tanks and we've submitted proposals worth \$7 million over the next couple of years," said Kelley. The next step is finding a local partner who lacks the technology but has local business and political connections needed to get contracts.

The quest for suitable partners has been greatly advanced with the help of the U.S. Commercial Service. Kelley has worked with the Commercial Service for more than 5 years and has participated in environmental Matchmaker

The Argentine partner is Dr. Oscar Cuper of the well-established firm Hidraulica Mileta. "Water and wastewater treatment is their core business," said Kelly, "but with their reputation and contacts, we will be able to introduce to the market a new line of innovative remediation technologies."

But now that Argentina is in the midst of a full-blown economic crisis and Brazil has devalued its currency, what's a small company in Phoenix to do? The downside of working in emerging markets is that they are emerging and therefore prone to occasional upheaval. The company is pursuing less risky opportunities through the Inter-American Development Bank and Kelley has shifted focus to the energy sector, which he believes has the best prospects for weathering the current storm. "Others are pulling out," he said, "but we're in for the long haul."

international markets can be boiled down to the following:

- Find a good partner. "Your partner will go through the rigmarole of helping find clients and this will greatly accelerate market entry."
- Call on the U.S. Commercial Service to help you find the right partner. "Our success in penetrating two of the largest markets in South America is a direct result of the substantial help and assistance provided by the Commercial Service."
- When in Rome, do as the Romans. "We Americans like to cut to the chase in business. Other cultures like to orate more than we do and only eventually get around to what they want."
- Be patient. "Americans think in quarters. If nothing happens in 3

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Programs to Southeast Asia, Malta and, mostly recently, to Uruguay, Argentina and Brazil. The Matchmaker Program introduces U.S. companies to pre-screened business partners — agents, distributors, joint-venture partners. Delegations are industry specific and typically visit two to three overseas markets, staying two days in each country. At each stop members receive country market briefings, an itinerary of appointments screened to each company's needs, in country promotion and hospitality events. "The first companies the Commercial Service arranged for us to meet in Argentina and Brazil were the partners we ended up with," Kelley said.

In Argentina, Tierra Dynamic created a joint venture company called Mileto-Innovative Remediation Technologies.

He says that despite all the bad economic news Tierra Dynamic has recently received two new requests for proposals from the Argentine energy sector. He predicts more will follow because despite the recession and other economic problems, Argentina's national electricity demand continues to increase. As demand increases, so will the need to fund remediation of PCB contaminated electric transformers located throughout the country. Recently passed laws require that all PCB contaminated oil be cleaned up by 2010. The value of these remediation projects could exceed \$20 million.

WHEN IN ROME

Kelley's general advice to other U.S. businesses contemplating entering

months, 'I'm out of here.' You need to invest some money and time developing new markets."

What Kelley says he found in his travels is that "Made in the USA means everything. It means the best." But there is more motivating Tierra Dynamics than pride of place and any competitive advantage associated with it. "This is an idealistic business. At the end of the day, I want to say I got this paycheck for doing something good for somebody else." ■